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Hemisphere Solidarity in the War Crisis

BY DAVID H. POPPER

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Hemisphere Solidarity in the War Crisis

BY DAVID H. POPPER

This is the second of two reports on hemisphere solidarity and the war. The first, "The Rio de Janeiro Conference of 1942," appeared on April 15, 1942.

ALTHOUGH the American nations had been deeply affected from the first by the outbreak of the war in Europe, direct participation by the United States created serious new problems for each of them. Without minimizing the great diversity of status and opinion among the twenty Latin American states, it may be noted that, by their response to the attack at Pearl Harbor, all have confirmed the existence of a real Pan-American community of interest. The various measures and attitudes disclosed in individual countries were brought to a focus during the Third Meeting of Foreign Ministers of the American Republics, held at Rio de Janeiro in January 1942. There the ten belligerents and eleven noncombatant republics of the hemisphere recommended the rupture of diplomatic and economic relations with the Axis powers; discussed means of improving the efficacy of hemisphere defense; took steps to combat subversive and fifth-column activities of the Axis in the Americas; and outlined a cooperative "mobilization" of economic resources for the mutual benefit of the participating states.[1]

In their entirety, the resolutions undoubtedly represent a least common denominator to which the American countries can subscribe. Yet this achievement is not in itself a true index of the extent to which hemisphere solidarity has become a reality. In Latin America, as in other areas, there is frequently a gap between pronouncement and performance—sometimes because of the obstruction or inertia of officials, sometimes because of obstacles too great for a particular state's administrative mechanism to overcome. Under war conditions, it is often impossible to determine the effectiveness with which measures of hemisphere defense are executed.[2] Nevertheless, it is possible, by careful consideration of available material, to detect and assess the broader tendencies in inter-American relations.

While doing so, it is important to recall certain underlying factors which go far to explain both the limitations and accomplishments of hemisphere collaboration. Profound cultural and psychological differences exist between Latin America and the United States. Despite the marked rapprochement of recent years, there remains an inevitable though largely concealed suspicion of this country because of its historic policies and its disproportionately huge size and power. In many American nations social conditions are not favorable for the development of democratic institutions as they are known in the United States; in some, arbitrary government is both practiced and praised, while in others, representative bodies are in large part ineffective. As a general rule, the economic prosperity of each country depends on the sale abroad of a few agricultural and mineral products, while many Latin American imports have ordinarily been procured from European customers. Consequently a number of Latin American states are reluctant to sever economic connections with continental Europe and are fearful above all of sharp economic and possibly political reprisals if they commit themselves irrevocably to the losing side in the war.

Today, however, the political and economic ties with Europe have been weakened. The spread of aggression in the Old World has strengthened the trend toward united action to prevent its establishment in the New. The United States and the Latin American countries are striving to build up complementary economies on a war emergency basis to replace as far as possible lost markets and sources of supply. In the process, this country is in a position to exercise enormous power over every other American republic. Thus far, Washington has shown scrupulous regard for the sovereignty and the natural self-interest of all our American partners—who, in turn, have cooperated to the common advantage in an extraordinary degree. If ex-

1. As this Report went to press, Mexico was rapidly moving toward a declaration of war.

2. See, for example, an account of alleged evasion of the United States black list restrictions, *Informaciones Para la Prensa Sudamericana* (La Otra Alemania, Buenos Aires, mimeographed), No. 39, March 15, 1942.

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isting policies can be continued, the procedure of collaboration rather than power-politics may serve as a guide for the future political and economic organization of countries in widely differing stages of development.

EXTENT OF NONBELLIGERENT COOPERATION

At the moment, the wartime political and economic interrelationship of the American states may be said to have passed through its formative stage. The basic patterns of conduct have crystallized in the forms which may be discerned in the following country-by-country survey.

Argentina. Although many traditional, economic, ethnic and other factors impel this country to maintain a policy of neutrality, as it did in 1917, the preponderantly liberal opinion of most Argentines would undoubtedly support many more measures of hemisphere collaboration than have actually been undertaken by the government. In Argentina, however, the democratic process functions imperfectly, largely because of irregularities in election procedure which have now become habitual. Thus, neither the Radical party, the country's largest political group, nor the Socialists have been able to make their anti-totalitarian position effective, while the activities of a number of non-partisan, pro-Allied pressure groups have been severely restricted by the régime of Acting President Ramón S. Castillo. The few conservatives actually in control of the country's destinies carefully maintain a strategic central position between the majority liberals on the one hand, and the small but militant faction of native nationalists and quasi-fascists (strong in the armed forces and organized in the *Alianza de la Juventud Nacionalista*) on the other. On the whole, the government's success in maneuvering between these two poles has resulted in an undynamic, rather inert policy which by its very nature tends to benefit the Axis powers.[3]

Available information indicates that the Argentine government is carefully attempting to steer a middle course between the two belligerents, refusing to break off relations with the Axis but at the same time half-heartedly applying some of the measures suggested at Rio de Janeiro—for example, by treating the United States as a nonbelligerent. At the end of 1941—prior to the meeting of Foreign Ministers at Rio de Janeiro—the German government recalled its Ambassador, Baron Edmund von Thermann, "to report," while the Argentine Chancellery likewise sumoned Ricardo Olivera, its Ambassador at Berlin, home for consultation.[4] But the remainder of the Nazi diplomatic staff continued active in Buenos Aires, and von Thermann himself did not leave the country until February 20, 1942. As a Congressional committee probing into anti-Argentine activities had shown during its investigations in the latter half of 1941, the Ambassador was only a minor cog in the apparatus of propaganda, political pressure, and control of the German minority, operated in the shelter of the embassy's diplomatic immunity.[5] The number of Axis agents now in Argentina, both diplomats and others, has given rise to many press reports charging that they are using the country as a base for espionage and sabotage.

Argentina has assumed an equally ambiguous position with respect to severance of economic relations with the aggressors. On December 10, 1941 it ordered a temporary suspension of the transfer of funds or securities between Japan and Argentina, subject to exceptions by the Central Bank.[6] When the Rio de Janeiro meeting passed its resolution on the subject, Argentina blunted the references to the rupture of relations and the signatories of the Tripartite Pact by a broad and vague reservation. Argentina's measures, it was also declared, would extend only to "firms or enterprises managed or controlled by aliens or from foreign belligerent countries not in the Western Hemisphere"—leaving a loophole for purely Argentine firms sympathetic to the Axis cause.[7] The decree now in force, dated January 8, 1942, provides for Central Bank control of transfers of funds abroad, as well as of internal movements of funds directly or indirectly related to such transfers, of enterprises managed or controlled by persons having the nationality of or domiciled in a country at war, with the exception of the American republics.[8] Thus, the interests of Britain and the other non-American United Nations are technically subject to the same regulation as those of the Axis.[9]

While information on the administration of the decree is scarce, there is nothing to indicate that the movement of funds abroad has been noticeably hampered, or that Axis-dominated firms in Argentina have been severely affected.[10] In fact, Argentina's commercial relations with Franco Spain

3. D. H. Popper, "The Argentine Way," *The Inter-American Monthly* (Washington), May 1942.

4. *La Prensa* (Buenos Aires), December 31, 1941; *The New York Times*, January 1, 1942.

5. Argentina, Cámara de Diputados de la Nación, Comisión Investigadora de Actividades Antiargentinas, *Informes No. 1-5* (Buenos Aires, 1941).

6. *Foreign Commerce Weekly* (Washington), January 17, 1942, p. 8.

7. *Department of State Bulletin*, February 7, 1942, p. 140. The word "controlled" might, however, permit action against such firms.

8. *La Prensa* (Buenos Aires), January 11, 1942.

9. See statement of Foreign Minister Enrique Ruiz Guiñazú, *La Prensa* (New York), April 25, 1942.

10. See *Foreign Commerce Weekly*, February 7, 1942, p. 10.

may conceivably afford a channel for dealings with Germany and Italy, although Spain is important primarily as an outlet for the Argentine export surplus. Earlier arrangements for sizeable shipments of Argentine wheat to Spain are being expanded by a $40,000,000-barter pact now in process of negotiation, under which Argentina will send cereals, hides, milk products and meats to Spain in return for manufactured items, machinery and chemicals. Argentina will probably be able to purchase Spanish merchant ships as well.[11-12]

Meanwhile, on the domestic front, the government of Acting President Castillo has moved more and more rigorously to suppress manifestations of pro-Ally sentiment. On December 16, 1941 the Cabinet, acting on dubious constitutional grounds, proclaimed a state of siege which the Chief Executive indicated was directed against Axis propaganda and activities.[13] True, during the Rio conference a score of German leaders who had previously been arrested and released were again taken into custody; and the Ministry of the Interior has created a special bureau to repress anti-Argentine activities.[14] Evidently these are only occasional gestures. In fact, a censorship of press, radio and public assembly has been established which bears far more harshly on the overwhelmingly predominant pro-democratic organs of opinion than on their totalitarian counterparts. The great Argentine dailies are virtually precluded from expressing any opinion on world affairs or on their country's external policy; but *El Pampero,* the Nazi organ, is frequently outspoken in its condemnation of the democratic system and of the United States.[15] During the campaign preceding the Congressional elections of March 1, 1942, no discussion of the Castillo foreign policy was permitted, although that was the primary issue at stake. Repression of liberal manifestations has helped Castillo to keep his own group in power. To note one extreme example, over fifty Argentine leftists and foreigners have been ordered exiled, deported or interned on the ground that, under the pretext of attempting to mobilize aid for the Allies, they carried on Communist agitation.[16-17]

Even if the fraud and duress which characterized the March elections are discounted, it would appear that the government has gained considerable support for its neutrality policy in the months since the Rio de Janeiro meeting. With the aid of well-financed propaganda, a section of the Argentine public has been convinced that Castillo's tactics offer the only alternative to an undesired involvement in the war. The swing in opinion is to some extent mirrored in the gains made by the *Concordancia* (coalition of government supporters) in the new Chamber of Deputies, where it has now become the largest single group, with the Radical and Socialist opposition reduced to a bare majority of two votes. While the basic sympathies of the country as a whole probably remain unaltered, the desire for "prudence" was revealed by the relatively calm reaction to the torpedoing on April 19, 1942 of the Argentine tanker *Victoria,* and by the government's thinly veiled refusal to participate in any inter-American convoy scheme to reduce the toll of Axis submarines.

The existence of an emergency has also been utilized by the government to strengthen its armed forces, which are a factor in internal politics as well as in national defense. By keeping the old class of conscripts under the colors when a new, and unusually large, group was called up, the régime has raised the number of men under arms to about 100,000.[18] At the same time, naval patrol of the Atlantic coast is being intensified within the limits allowed by the shortage of fuel. The Argentine navy, the strongest in South America, consists of two 27,940-ton battleships launched in 1911 and refitted in 1924-25, three modern cruisers displacing more than 6,000 tons, and some 16 destroyers, three submarines, and four old coast defense ships.[19] In addition to the naval patrol, army units and air forces are being stationed in the vulnerable, thinly settled Patagonian district of the extreme south.[20] The Argentines, however, have shown some hesitancy with regard to a Chilean proposal for fortification of the Straits of Magellan—a vital strategic waterway for the United States if the Panama Canal should be damaged.[21] Although many of

11-12. A Spanish economic mission left for Argentina in May 1942 to conclude the agreement. *Ibid.,* May 2, 1942. For Acting President Castillo's statement on the ships, see *The New York Times,* April 19, 1942. On the second wheat agreement with Spain, see *Foreign Commerce Weekly,* February 14, 1942, p. 10; *South American Journal* (London), April 4, 1942, p. 189; *La Prensa* (New York), April 27, 1942. On the barter pact, see *The New York Times* and the *New York Herald Tribune,* March 15, 1942.

13. *La Prensa* (Buenos Aires), December 17, 1941. For summary of Dr. Castillo's explanatory interview, see *The New York Times,* December 16, 1941.

14. *La Prensa* (New York), January 19, 1942; *La Prensa* (Buenos Aires), February 1, 1942. A conference of police officials has adopted sweeping resolutions recommending procedure to curb the activities of foreigners. *Ibid.,* March 26, 1942.

15. *El Pampero* had to cease publication because it could not purchase newsprint, supplies of which are imported under Allied control. It has reappeared since, however.

16-17. *The New York Times,* April 12, 1942.

18. *La Prensa* (Buenos Aires), February 5, 1942.

19. League of Nations, *Armaments Year-Book, 1938* (Geneva, 1938), pp. 25-26.

20. For details, see *La Prensa* (New York), April 25, 1942.

21. One reason appears to be rivalry between the two countries for strategic control of the Straits, which was eliminated in the past by the demilitarization agreement of 1881. Another

Argentina's 300 military airplanes were manufactured in Europe, a North American aviation mission is now training Argentine cadets. These extraordinary defense preparations are logical in view of Argentine doubts regarding our ability to afford military protection below the bulge of Brazil. They would hardly be adequate, however, if the country should ever be forced to meet an invasion attempt single-handed.

The policy of the United States, in the light of the Argentine attitude, has apparently been framed with two objectives in view. On the one hand, the Administration has sought to avoid an open and bitter controversy which would shatter the façade of hemisphere solidarity. At the same time, the Department of State has indicated that nations cooperating in inter-American defense must have first call on the limited supply of military equipment available for export, while there is evidence that even shipments of essential non-military materials to Argentina have been sharply restricted. Thus, a military and naval mission from Buenos Aires to Washington, which had sought to arrange purchases of war supplies, returned home empty-handed late in March 1942.[22] Up to the present, the position of the Argentine government has not been altered by this limited economic and military pressure. On the contrary, the feeling of isolation shared by Argentina and Chile has tended to draw the two countries together. Visiting Santiago as a special delegate to the inauguration on April 2, 1942 of Juan Antonio Ríos, Chile's new President, Dr. Enrique Ruiz Guiñazú pointedly referred to the desirability of closer cooperation in the maintenance of their fundamentally similar neutrality policies.[23] The rapprochement has been publicly celebrated by the stimulation of Chilean-Argentine economic relations through an arrangement by which Argentine ships are to carry wheat, sugar and scrap iron to Chilean ports and return with coal, steel, nitrates and copper.[24] Because of certain production and transport difficulties, however, this accord is likely to have more symbolic than substantial value.

Brazil. In sharp contrast to the Argentine attitude is the stand taken by Brazil, whose importance as a bridge extending toward West Africa and a source of strategic materials is so great that its cooperation with the United States is vital in any policy of hemisphere defense.[25-26] The Brazilian government's position, however, has been completely clarified only in recent months. Previously the ideological affinity of President Getulio Vargas' *Estado Novo* with European dictatorships, notably that of Salazar of Portugal, stood in the way of unreserved cooperation.[27] Since the revolution of 1937 the President and his associates have assumed a strong anti-parliamentarian and anti-liberal position—partly justified, it must be admitted, by abuses under the Brazilian republic—exalting national unity, authoritarianism and the corporative state as an apology for his arbitrary rule. As regards foreign affairs, Senhor Vargas has retained both pro- and anti-United States elements in his administration, and had formerly attempted to preserve something of a balance between the influence wielded by the totalitarian and the democratic states.

But as war approached the continent, strategic and economic considerations gradually came to the fore; and at the Rio de Janeiro conference the two countries worked closely together. Symbolic of the shift is the fact that the press, after years of strict government control to insure neutrality in reporting, is now encouraged to take a highly partisan position in favor of the Allied cause. In the economic sphere, agreement has been reached on a great development program designed to make rubber, iron ore and other strategic materials available to the United Nations while opening up the almost untapped resources of Brazil.[28] Given tact and understanding on both sides, the authorities of the two nations may evolve, to their mutual advantage, a long-term system of cooperation which will extend far beyond the duration of the war.

Military ties between the two countries have been close. Under an executive agreement signed on January 19, 1941, a North American military and aviation mission has been cooperating with Brazilian forces to increase the efficiency of coast artillery, aviation and related arms.[29-30] On October 1, 1941, moreover, the two countries signed a lend-lease agreement which, it is understood, includes a loan to Brazil of $90,000,000 to $110,000,000, with payment presumably to be made in strategic ma-

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is the existence of long-standing disputes over sovereignty in islands on the south side of the Beagle Channel, and of conflicting claims to the now uninhabited island of Decepción, 500 miles southeast of Cape Horn. Britain has held title to Decepción in the past, but Argentina has not recognized its control. *El Mercurio* (Santiago), March 26, 1942.

22. *The New York Times, New York Herald Tribune,* March 25, 28, April 1, 1942.

23. *La Nación,* April 1, 1942; *El Mercurio,* April 2, 1942.

24. *Ibid.* An Argentine tanker has been leased to Chile to bring petroleum products from Peru to its ports. *The New York Times,* April 26, 1942.

25-26. See, for example, "Brazil—Arsenal of Strategic Materials," *Foreign Commerce Weekly,* February 21, 1942, pp. 6 ff.

27. See, for example, Francisco Campos, *O Estado Nacional* (3rd ed.: Rio de Janeiro, 1941).

28. David H. Popper, "U.S.-Brazilian Economic Accords of March 3, 1942," *Foreign Policy Reports,* March 1, 1942, p. 307.

29-30. U.S. Department of State, *Executive Agreement Series No. 135.* This accord replaces an earlier agreement for a military mission signed November 12, 1938. Previously, Brazil's military instructors had been French.

terials.[31] As supplemented by additional lend-lease funds allocated to Brazil in the accords of March 3, 1942, this grant is by far the most important yet made to a "good neighbor" country. It is being spent not only for such equipment as ordnance, airplanes, tanks, armored cars, and trucks, but also for air and naval base facilities which, while Brazilian, are available for use by any American nation in the cause of hemisphere defense.[32] Bases are being constructed with North American funds and technicians at Natal, Pernambuco, Belém and other strategic localities. The Brazilian government has also permitted Pan American Airways to construct a number of airports, some of which are used for commercial and bomber ferry flights to Africa.[33]

Since the meeting of Foreign Ministers at Rio de Janeiro, Brazil has adopted many measures to increase its military preparedness. Air-raid precautions are being taken in the great coastal cities. Conscripts of the 1941 class serving in the German-inhabited military region of Rio Grande do Sul have been retained with the colors beyond the normal period.[34] Garrisons have been strengthened both in this southern area, and in the northeast regions, on the "bulge," where General Estevao Leitao de Carvalho—known for his severe repression of Nazi activities among the German minority in the south—has been placed in command. On February 19, 1942, moreover, the Fernando de Noronha archipelago was declared federal territory by Presidential decree. These volcanic islands, lying 125 miles off the Brazilian coast in an almost direct line with Pernambuco and Dakar, will be strongly fortified.[35-36]

The military efforts of the two countries will be still more closely coordinated by the work of a joint military and naval defense commission whose formation was arranged at the Rio conference. At the moment the principal need is for equipment, including anti-aircraft batteries for the installations on the bulge. With about 100,000 conscripted troops, the Brazilian army is the largest in South America, and the air force is said to include over 200 planes. Some doubts have been expressed about the efficiency of the navy, which comprises two 19,200-ton battleships built in Britain in 1910 and partially modernized; two small cruisers of 3,150 tons, equally old but refitted; eleven destroyers, including several modern craft constructed at Rio de Janeiro with United States material and plans; and four submarines purchased from Italy.[37-38]

Although Brazil did not formally sever relations with the Axis powers until January 28, 1942, its position with regard to German, Italian and Japanese activities was clear from the first. On December 9, 1941 a decree-law placed under official control all financial transactions of non-American countries engaged in war, and the Bank of Brazil licensed financial transactions for only the essential requirements of Axis firms and individuals.[39] A run on Axis banks by Brazilian citizens seriously weakened these organizations.[40] Axis enterprises and individuals were hampered still further by a decree ordering seizure of up to 30 per cent of their assets, to guarantee compensation following attacks on at least six Brazilian vessels.[41] The government has placed under the strictest surveillance the two outstanding minority groups in the country: the concentration of 500,000 or more Brazilian-Germans (of the first or second generation) in the southern states, and the Japanese community of over 180,000 in São Paulo.[42] The press has been flooded with reports of police raids which have gathered up Axis agents, and with rumors of enemy plots nipped in the bud.[43] Pro-Axis newspapers and news agencies have been suppressed; cultural, social and athletic organizations of totalitarian groups are strictly controlled; communications are watched; and movements of Axis nationals are supervised.[44]

In view of the size and characteristics of the country, it is not to be expected that all repressive

31. *The New York Times,* October 2, 1941. The terms of such agreements are not published.

32. See *Congressional Record,* October 23, 1941, p. 8403. While the Brazilians welcome the construction of defense facilities on Brazilian territory, it is reported that they object to their use by United States personnel and equipment, preferring to take direct title to airplanes and ships and operate them with Brazilian personnel. There is no indication, however, that this normal preoccupation with sovereignty constitutes a major obstacle to collaboration for defense.

33. Edward Tomlinson, in *New York Herald Tribune,* November 14, 1941, April 16, 1942; E. M. Castro, in *Christian Science Monitor,* December 4, 1941.

34. *The New York Times,* February 8, 1942.

35-36. *Ibid.,* February 11, 1942.

37-38. *Armaments Year-Book, 1938,* cited, p. 111; Joseph Driscoll, *New York Herald Tribune,* February 11, 1942. A new program of construction, which will go forward slowly, includes two cruisers, nine destroyers, eight submarines, six mine layers and three tankers.

39. *Diario de São Paulo,* December 10, 1941.

40. *Foreign Commerce Weekly,* January 17, 1942, p. 8.

41. Application of this measure has been delayed until May 31, 1942. The Government Savings Bank has stated that no distinction would be made between Germans and German refugees in the confiscatory action. *La Prensa* (New York), May 1, 16, 1942.

42. *Diario de São Paulo,* December 30, 1941. On minority populations, see W. L. Schurz, *Latin America: A Descriptive Survey* (New York, Dutton, 1941), pp. 97, 101-102. The small settlement of Japanese in the Amazon valley is also under suspicion.

43. Many are sensational exaggerations. See *South American Journal,* April 11, 1942, p. 200; April 18, 1942, p. 212.

44. Some of the many regulations are listed in *The New York Times,* January 31, 1942. See *La Prensa* (New York), February 13, 1942.

measures will be completely enforced. They should prove relatively effective, however, in view of the exacerbation of relations with the Axis because of the German submarine campaign against Brazilian vessels, which has caused anti-Axis riots and brought the nation to the verge of war.

Chile. While the progressive, democratic character of Chile's government would seem to suggest a sympathetic policy toward the Allies, important domestic developments in recent months have tended to modify the Chilean position. The Popular Front régime, which took office in 1938, had gradually lost coherence because of internal strains and an indifferent record of achievement, partly due to factors beyond its control. With the death of President Pedro Aguirre Cerda on November 25, 1941, the middle-of-the-road Radicals assumed a commanding position in national affairs. The newly elected President, Juan Antonio Ríos, who took office on April 2, 1942, professes strong anti-fascist sentiments, but his anti-Communist attitude and his inaugural pronouncements demanding social discipline stamp him as a far more conservative individual than Aguirre Cerda. The new administration bears the distinct imprint of its President. Since the election the strong nationalist and fascist elements in Chile have formed a bloc known as the Nationalist Union, with an implicit anti-United States program. A relatively small but important German minority is concentrated principally in the southern portion of the country.

Consequently Chile, like its neighbor Argentina, has done relatively little to put into practice the decisions of recent Pan-American meetings. It is true that the United States was quickly proclaimed a nonbelligerent.[45] Yet Chile may have weakened somewhat the legal force of its adhesion to the Rio de Janeiro resolutions when it interposed a blanket reservation, stating that it approved the accords only in so far as they did not conflict with the Chilean constitution and obtained the ratification of Congress and other constitutional agencies.[46] There has been no indication as to when the resolutions will be submitted to the Congress.

Meanwhile, Chile appears to be the only Latin American state which has done nothing to control Axis financial and commercial activities in its territory. Its measures in support of hemisphere defense have been limited to such military preparations and precautions against sabotage as it could undertake with its own resources. After weeks of procrastination, moreover, the question of severing diplomatic relations with the aggressors appears to have been shelved indefinitely. In statements made as he assumed office, Señor Ríos stressed his support for the principles of democracy and continental solidarity but indicated that, for the present at least, diplomatic relations would be maintained with all countries.[47] This policy finds support in virtually all quarters except among the Communist and Socialist Labor parties on the extreme left and the Chilean Workers' Confederation (C.T.Ch.), which demand a diplomatic rupture and strenuous measures against fascist agents and the fifth-column.

Because of the government's tactics, representatives of the Axis have enjoyed wide freedom.[48] According to foreign observers, they have even been able to divert Chilean anger over the torpedoing of the Chilean ship *Toltén* on March 13 off New York harbor, through a policy of focusing attention on the propriety of the navigation rules under which the ship had been ordered to sail by United States authorities.[49] On its part, the Chilean government, which had protested the sinking of Brazilian and Venezuelan merchantmen, merely embarked on an investigation of the facts, which is not yet concluded.[50] At the same time, the Axis Ambassadors in Santiago cleverly pursued negotiations for an agreement which would grant security of navigation to Chilean vessels.[51]

Officials in Washington, realizing the vast importance of Chile as a source of strategic minerals, are not unsympathetic to its argument that its lengthy coast line—remote from United States bases—and its vital economic installations are vulnerable to Axis attack if the country abandons its cautious policy. It is not likely, however, that Chile could gain any real security in a world dominated by aggressors without the military cooperation of the United States or some other great power. At present Chile can contribute to its defense an army of about 20,000, now being expanded by retention of conscripts in service beyond the normal period, as well as the third largest navy of South America, consisting of a modernized 29,000-ton battleship,

45. *Department of State Bulletin*, December 13, 1941, p. 489.
46. *Ibid.*, February 7, 1942, p. 141.
47. See the President's message to the nation, *El Mercurio*, April 3, 1942; his interview in the same journal, April 2, 1942; and his statement to Reuter, *South American Journal*, April 11, 1942, p. 200.
48. See the still unsubstantiated charges of Salvador Ocampo, Chilean Workers' Confederation leader, that Chilean ships have transferred supplies to unknown vessels off the coast and that Chilean nitrates and copper might be reaching the Axis via Buenos Aires. *Christian Science Monitor* (Boston), May 5, 1942; text of C.T.Ch. resolution, *El Tiempo* (Bogotá), March 23, 1942. A telegraph line of the Chilean navy, between Santiago and Valparaiso, was tapped by German residents in May 1942—for use as a radio antenna, according to the Chilean Minister of National Defense. *La Prensa* (New York), May 16, 1942; *The New York Times*, May 18, 1942.
49. Thomas J. Hamilton, *The New York Times*, April 12, 1942.
50. See text of radio speech of Don Jerónimo Méndez, *El Mercurio*, April 2, 1942.
51. *Ibid.*, March 26, 1942.

three old cruisers, eight destroyers and torpedo boats, and nine submarines.[52] The air force probably exceeds 100 planes and is trained by a United States aviation mission. This country has recently delivered to Chile fifteen military planes and a few mobile batteries of coast defense and anti-aircraft artillery; but Axis propagandists, quick to seize any opportunity to point to an alleged infringement of Chile's sovereignty, created an incident over the arrival of a small number of United States military personnel who are to instruct the Chilean crews.[53-54]

Mexico. Mexico's propinquity to the United States gives it peculiar strategic importance from the North American point of view. During the last war, a series of acrimonious incidents so envenomed political relations between the two countries that the activities of German agents below the Rio Grande were a constant source of concern. In recent years the left-wing program of the Mexican government, especially in its relations with the Church and with foreign oil companies, has alienated large sectors of United States opinion. Nevertheless, under the Good Neighbor program the two nations have been able to compose their difficulties to an extent perhaps unprecedented since 1846. On the one hand, the United States has exercised forbearance in its reaction to the expropriation of petroleum properties; on the other, the government of General Manuel Avila Camacho, elected in August 1940, has introduced a period of pause and consolidation in Mexican internal policy.[55] Meanwhile, since June 1941 strong left-wing and labor elements in Mexico have ceased to regard the war as an imperialist struggle of two equally reprehensible groups of states and are supporting the Allies.[56]

In this propitious atmosphere the two governments were able to negotiate a general settlement of outstanding problems, signed on November 19, 1941, in which they agreed to appoint experts to determine the just compensation to be paid the American owners of expropriated oil properties. On April 17, 1942 the experts fixed a figure of $23,995,991, less certain claims against the oil companies, as the sum to be turned over to the United States government—leaving the companies to decide whether they would accept this figure or carry on their fight without government support.[57] Under the general settlement of November 1941, moreover, the Mexican government is to pay the United States $37,000,000 over and above earlier remittances of $3,000,000 on agrarian and other claims, in definite installments. The United States Treasury Department has made available $40,000,000 for stabilization of the peso, while purchases of Mexican silver are being continued on a liberal basis. In order to develop the Mexican highway system and certain other projects, the Export-Import Bank has established a $30,000,000-credit in Mexico's favor.[58]

The return of mutual confidence, coinciding with the interruption of much of the overseas trade of both countries due to the war, has paved the way for establishment of unusually close Mexican-American economic relations. To stimulate the production of essential materials and strengthen Mexican economy, both public and private United States investment capital is beginning to flow into Mexico—the latter under government supervision and guarantees designed to avoid abuses on either side. A series of accords between the two governments was published on April 7 under which basic industries such as a steel and tin-plate rolling mill may be built up with the aid of priorities for purchases from the United States. Steps are also to be taken to improve the carrying capacity of Mexico's railways, to investigate the possibility of constructing small cargo vessels, and to build a high-octane gasoline plant as soon as the equipment can be spared.[59] On April 29, moreover, it was announced that the Mexican government had given its mining industry—largely American-controlled—assurances of liberal treatment as regards taxes, transportation charges and labor policies; while in return the United States Metals Reserve Company agreed to purchase copper, lead and zinc at prices designed to stimulate production.[60]

Since the attack on Pearl Harbor, military cooperation between the two countries has also been unusually close. On January 12, 1942 it was announced that they would form a Joint Mexican-United States Defense Commission to study their common war problems.[61] Close liaison was quickly established in the vital Pacific coast border area. Mexican military, naval and air strength has been greatly increased, particularly in Lower California, which might conceivably serve as an enemy base

52. *Armaments Year-Book, 1938,* cited, pp. 238-40. Certain coast defense vessels not included. In Chile, as in some other South American countries, the national police forces are militarized and could serve to supplement the army proper.

53-54. *The New York Times,* April 12, May 6, 1942.

55. See Charles A. Thomson, "The Mexican Oil Dispute," *Foreign Policy Reports,* August 15, 1938; General Avila Camacho's message to Congress, September 1, 1941.

56. Interview of Vicente Lombardo Toledano, *Excelsior* (Mexico), March 13, 1942.

57. For text of agreement of the experts, see *Department of State Bulletin,* April 18, 1942, pp. 351-52.

58. For summary of agreements, see *ibid.,* November 22, 1941, pp. 399-403.

59. For summary, see *ibid.,* April 11, 1942, p. 325.

60. This arrangement supplements an earlier agreement of July 15, 1941. *The New York Times,* April 30, 1942; *La Prensa* (New York), May 1, 1942.

61. On the Joint Commission, see *Department of State Bulletin,* January 17, 1942, p. 67.

for attack on the vast naval establishment and aircraft factories of the Los Angeles district.[62] Our warships are now permitted to use Mexican bases and territorial waters, our troops to cross its territories, and our planes to fly over them.[63] This privilege has been particularly important because of the arrangements under which United States aircraft are ferried to the Panama Canal with intermediate halts at Mexican airports.

The Mexican government has taken strong anti-Axis measures in others fields as well. The financial transactions of Axis aliens or Axis-controlled enterprises have been subjected to license, although some firms on the United States black list are apparently unmolested.[63a] All nationals of Japan, Germany and Italy are being removed from a belt of territory extending inland from the country's coasts and frontiers, and a considerable number have been placed under arrest.[64] The program of road construction is being pressed, so as to serve both military and economic needs, while a number of railroads, including one across the isthmus of Tehuantepec (an emergency overland substitute for the Panama Canal route) are also being improved or extended.[65] On its part, the United States has already begun to deliver war planes and other equipment to Mexico.[66]

It would be erroneous to assume that the entire population of Mexico has so quickly forgotten its deep-seated heritage of suspicion of the United States that it supports the government's moves without reservation. On the contrary, quasi-fascist organizations such as the *Sinarquistas* are believed to be waging a covert campaign against all-out collaboration; and even within the ranks of the government there are some dissident forces.[67] Yet the régime is furnishing a powerful lead to public opinion by insisting that Mexico's place is not in the trenches, but in the factories and fields—in other words, that the Mexican role in hemisphere defense is limited to self-protection and cooperation in the production of vital materials.[68-69] Although Mexico has been drawn into the conflict because the Nazis rejected its protest over the sinking of two Mexican ships in May 1942, Mexican policy will probably not be fundamentally changed. It should, however, be carried out far more effectively as a result of Mexico's belligerency.

Uruguay. No country in Latin America is more strongly democratic or more pro-Ally in sympathy than Uruguay. Its liberal outlook is traditional; in 1917-18 Uruguay treated the United States as a nonbelligerent, advocated continental solidarity against attack from overseas, requisitioned German shipping at Montevideo, granted credits to the Allies and broke off diplomatic relations with Germany.[70] In recent years, the country's distaste for totalitarian doctrines and agents has been demonstrated by an almost continuous series of investigations and prosecutions of suspicious elements, especially since the discovery in the summer of 1940 of an alleged Nazi plot to convert the country into a German agricultural colony.[71]

Strategically situated at the mouth of the River Plate estuary, Uruguay has cooperated closely with the United States in military matters. It is understood that, through a lend-lease agreement, the Montevideo government is receiving a loan of $17,000,000, less than half of which will have to be repaid.[72] The funds are being spent for such equipment as field artillery and anti-aircraft guns, tanks, land and sea planes, and naval patrol vessels.[73] Three or more naval craft suitable for coast defense will also be provided. The new material should greatly augment the war strength of Uruguay, which in the past has maintained an army of approximately 6,000, now to be improved by a new conscription system, and a navy consisting of a small cruiser and three gunboats.[74] While recur-

62. General Lázaro Cárdenas, ex-President of Mexico, is in charge of his country's Pacific defenses. For a description of his activities, see series of articles by William D. Patterson, in *Excelsior,* March 3, 1942 and succeeding issues.

63. For text of decree, which refers to "any of the American republics," see *La Prensa* (New York), February 28, 1942.

63a. For decrees of December 7 and 11, 1941, see Mexico, *Diario Oficial,* December 17, 1941.

64. *Ibid.,* January 6, 12, 1942; *The New York Times,* January 29, 1942. All aliens are now being required to register with the government. *Excelsior,* March 9, 10, 16, 1942.

65. For details, see statement of Carlos Bazán, Director-General of Roads, *Excelsior,* March 14, 1942; Harold Callender, *The New York Times,* February 7, 9, 1942; *La Prensa* (New York), December 24, 1941.

66. *Ibid.,* March 22, 1942.

67. See Vicente Lombardo Toledano, *En que Consiste la Democracia Mexicana y quiénes son sus Enemigos; idem, Cómo Actuan los Nazis en México* (pamphlets, Universidad de Obrera de México, 1941); *Excelsior,* March 9, 10, 1942; Harold Callender, *The New York Times,* March 11, 12, 1942. Although the Sinarquist movement revised its program in March 1942 to include inter-American cooperation, it remains suspect.

68-69. Statement of Foreign Minister Ezequiel Padilla, *Excelsior,* March 13, 1942; of President Avila Camacho, *ibid.,* March 12, 1942; and of Minister of Economy Francisco Javier Gaxiola, *ibid.,* March 9, 1942.

70. Eduardo Acevedo, *Manual de Historia Uruguaya* (2d ed.; Montevideo, Imprenta Nacional Colorado, 1936), pp. 281-84.

71. See Hugo Fernández Artucio, *Nazis en el Uruguay* (2d ed.; Montevideo, 1940); Luis A. Bouza and others, *Los Nazis y la Justicia Uruguaya* (Montevideo, 1941).

72. *Christian Science Monitor,* November 18, 1941.

73. Arrival of the first United States military planes to be delivered was announced on March 23, 1942, just as the Argentine government was revealing the failure of its military mission to obtain war material in Washington, A few United States aviation officers and mechanics accompanied the planes, presumably for training purposes. *El Tiempo,* March 24, 1942.

74. Harold Callender, *The New York Times,* June 24, 1941. The United States will also furnish equipment to complete the Rio Negro hydroelectric project begun in cooperation with the Germans before the war.

rent reports of the establishment of United States naval and air bases on Uruguayan territory appear to be unsubstantiated, large air bases for bombers and naval patrol planes are to be constructed with lend-lease funds at such localities as Carrasco and Laguna Negra.[75] The work has progressed slowly, perhaps because of Argentina's strenuous opposition to military installations other than its own at the mouth of the Plate. When the bases are completed, they will presumably be open to any American state engaged in defense against aggression by a non-American power—thus implementing, for Uruguay, its proposal of June 21, 1941 that any American republic in such circumstances be considered a nonbelligerent.[76]

Although this proposal was at first coldly received by countries such as Argentina—which finally espoused it after December 7—it placed Uruguay in the forefront of the South American countries advocating hemisphere solidarity. Since the outbreak of war, this position has been maintained. The government of General Alfredo Baldomir immediately declared the United States a nonbelligerent, and on February 5 extended the same treatment to Britain and all other extra-continental powers whose activities aided hemisphere defense.[77] A Congressional investigation of elements believed to have Axis connections has been intensified in recent months, with government support. By closing the free exchange market to all countries but the United States, Britain, the "sterling area," and the American republics which have severed diplomatic, economic and financial relations with the Axis, the authorities have exercised close control over Axis funds.[78] Cable communication with Axis nations has been suspended. Following the sinking on March 9 of a Uruguayan vessel, the *Montevideo,* by a submarine near Haiti, the government retaliated by seizing the *Tacoma,* the interned supply ship of the ill-fated Nazi pocket battleship *Graf Spee.*[79] It has been reported that Uruguayan ships bound for the United States have already left Montevideo in a convoy under the protection of British, Brazilian and North American naval vessels.[80]

Venezuela and Near-by Dutch Possessions. Venezuela, situated along the southern approaches to the Caribbean and the Panama Canal, is important in hemisphere defense not only because of its geographical location but also because it is normally the world's third greatest producer of petroleum. At the moment, the Venezuelan fields are the principal source of supply for Britain. The oil is transported in light tankers through Lake Maracaibo to the offshore islands of Curaçao and Aruba (under Dutch sovereignty), where it is refined and reloaded into ocean-going vessels for the Atlantic crossing. Since the area lies within the Caribbean screen of island bases extending from Cuba to Trinidad, the submarine attacks in February on tankers and the refinery at Aruba were fraught with serious implications both for the British oil route and the safety of the Panama Canal approaches. Only a few days earlier, on February 11, the United States had announced that by agreement with the Netherlands authorities it was sending troops to assist in the protection of Curaçao and Aruba.[81] With Dutch concurrence, and apparently in accord with Pan-American principles, the Venezuelan government is to send a civil and military mission to collaborate with the United States and Netherlands forces.[82] The procedure is similar to that adopted when United States forces were sent to guard the bauxite deposits of Dutch Guiana, in November 1941, while Brazil dispatched a consultative mission to Paramaribo.[83]

During the year 1941 Venezuela's military relations with the United States gradually became more intimate. On March 24 of that year, the two countries signed an agreement providing for an American naval mission to Venezuela to assist in the development of the local naval forces.[84] The Caracas government, moreover, has permitted Pan American Airways and the British and American oil companies to develop a number of important airfields and is itself engaged in an airport construction program.[85] On December 13 it announced that it was opening its ports to ships of the United States and other American nations at war, while extraordinary measures have been taken to prevent sabotage of oil properties, airfields and military establishments. A lend-lease agreement reported to involve $8,000,000 to $16,000,000 was signed on March 18, 1942, and United States troops were observed at Barcelona, Venezuela, shortly thereafter.[86]

75. Uruguay has hitherto been the only South American country without a landing field suitable even for Pan American Airways commercial planes.

76. *Department of State Bulletin,* July 5, 1941, pp. 8, 9.

77. The Uruguayan government had proposed such treatment for all the United Nations at Rio de Janeiro, but without success. *The New York Times,* February 6, 1942.

78. For a time, even Argentines vacationing in the country were affected. *Christian Science Monitor,* February 13, 1942.

79. On Uruguay's sharp protest to Germany, see *El Tiempo* (Bogotá), March 18, 19, 1942; *South American Journal,* March 28, 1942, p. 174.

80. *El Mercurio,* April 4, 1942.

81. *Department of State Bulletin,* February 14, 1942, p. 153.

82. *The New York Times,* February 27, 1942.

83. *Department of State Bulletin,* November 29, 1941, p. 425.

84. *Ibid.,* March 29, 1941, p. 413.

85. Walter Kerr, *New York Herald Tribune,* June 29, 1941. *La Prensa* (New York), February 2, 1942.

86. *El Tiempo,* March 19, 20, 1942; *The New York Times,* March 19, 1942. It was later disclosed by Venezuela's Presi-

Our planes on patrol duty to protect the Canal fly freely over Venezuelan territory.[87]

Other aspects of collaboration have not been neglected. Although diplomatic relations with the Axis powers were not severed until December 31, a decree of December 12 froze Axis funds and prohibited the exportation of money or goods to any country at war with an American nation.[88] Substantially all the firms on the United States black list, as well as some others, have been subjected to financial controls or are being directly administered by the government. In reprisal for the sinking of its ships off its northern coast, Venezuela has confiscated seven Axis merchant vessels, six of which will be incorporated in the national merchant marine when the necessary repairs have been made.[89] The movements of foreigners are now supervised, and Axis nationals are barred from strategic districts. While the Axis population of some 1,500 Germans and 2,500 Italians is not numerically great, it includes important commercial elements, especially in foreign trade other than that in oil.

Colombia. Colombia, the only South American state fronting on both oceans, borders directly on Panama. Although its government is one of the most stable of Latin American democracies, it has had to contend with a resident German community numbering perhaps 5,000, and with military and other circles attracted by totalitarian doctrines. Early in August 1941 the government announced that it had thwarted a subversive plot to gain control of the nation's army, and it was assumed that Nazi quarters were connected with the affair.[90] In a speech of September 11, 1941, President Roosevelt mentioned the discovery of secret airfields in Colombia within easy range of the Panama Canal.[91] Despite these episodes, collaboration between the liberal régimes of the two countries has been generally successful and should continue without major change as a result of the election of Dr. Alfonso López Pumarejo, the regular Liberal party candidate, in the elections of May 3, 1942. On July 23, 1941 the Colombian government and the Export-Import Bank concluded an agreement under which a $12,000,000-credit was opened for the construction of various government projects.[92-93] All airfields belonging to the now extinct German Scadta air lines have been policed.

Immediately after the United States became involved in the war, the Colombian Cabinet reaffirmed its determination to prevent any direct or indirect threat to the security of the Panama Canal from Colombian territory.[94] Colombian troops have accordingly been moved into strategic positions, and a lend-lease agreement with the United States —with all that that implies—was signed on March 17 in Washington.[95] It is believed that $20,000,000 to $30,000,000 in war material will be delivered to the Bogotá government. Meanwhile, communications with foreign countries are being controlled; the activities of the German Transocean News Agency have been halted; and action has been taken against many individuals suspected of espionage. Some German schools have been closed because of their anti-democratic instruction, and teaching in foreign languages has been prohibited. The financial operations of nationals of Axis-dominated territories are being controlled by measures generally similar to those of Venezuela; they are not applied, however, to Colombian enterprises which may be on the United States black list.[96]

Peru. Relations with Peru have been generally good, despite temporary friction when the United States prevented shipment of airplanes to that country during the acute stage of its dispute with Ecuador in the summer of 1941. During that year Axis aviation enterprises were liquidated and an Italian air mission was replaced by one from this country. The German Transocean News Agency was closed, while steps were taken to prevent the abuse of diplomatic privileges and strong legislative action was completed against subversive movements which might be inspired by foreign governments.[97] Precautions against subversion were directed first and foremost against the Japanese minority of 22,000 to 30,000, whose highly organized ranks are reputed to contain 5,000 to 6,000 men connected with Japanese military and naval reserve organizations. A day after the Pearl Harbor incident, the Peruvian government issued a decree freezing the funds of all Japanese individuals and enterprises, as well as Japanese goods then in the local customs houses, with exceptions to be made only

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dent that United States forces had entered the country to train Venezuelan soldiers. *La Prensa* (New York), April 28, 1942.

87. *El Tiempo*, March 24, 1942.

88. *The New York Times*, December 13, 1941.

89. *El Mercurio*, March 22, 1942. The seventh is to be junked.

90. *The New York Times, New York Herald Tribune*, August 5, 1941.

91. The Colombian government denied that any such fields had been found.

92-93. For text of agreement, see Colombia, Ministerio de Hacienda y Crédito Público, *Revista de Hacienda*, December 1941, pp. 119-22.

94. *Department of State Bulletin*, December 13, 1941, pp. 489-90.

95. *El Tiempo*, March 18, 1942.

96. For text of decrees of January 17 and 26, 1942 on control and administration of property of foreign citizens or enterprises, see *Revista del Banco de la República* (Bogotá), February 1942, pp. 53-60.

97. For some details, see *South American Journal*, January 28, 1942.

by special license.[98] Not until April 16, 1942, however, on the eve of a comprehensive economic accord with the United States, was a decree promulgated prohibiting all types of commercial and financial operations with the Axis countries,[99] except by special authorization, although the important *Banco Italiano* had already been thoroughly reorganized and freed of pro-fascist control.

The two governments are also cooperating in a positive sense to develop Peruvian resources of strategic materials. An agreement negotiated during the visit to Washington of Señor David Dasso, Peruvian Minister of Finance and Commerce, and celebrated by a later visit of President Manuel Prado y Ugarteche, provided for the stimulation of wild-rubber production with the aid of United States funds; establishment of a $25,000,000 Export-Import Bank credit to assist Peru in constructing public works and agricultural, mining and industrial projects; technical cooperation in agriculture, mining and engineering; and an undertaking by the United States Commodity Credit Corporation to purchase a maximum of 200,000 bales of Peruvian cotton annually for the duration of the war.[100] Arrangements for military cooperation had already been embodied in a lend-lease agreement signed on March 11, 1942, as a result of which at least 50 planes and perhaps other material have already reached strategic points in Peruvian territory, along with United States military personnel for training purposes.[101] The Peruvian Finance Minister has stated that the country's armed forces included only 100 aircraft, two light cruisers, four torpedo boats and four submarines.[102] Additional aviation and coastal defense strength is clearly desirable if the southern Pacific approaches to the Panama Canal are to be adequately safeguarded.

Ecuador tended to delay its cooperative measures until after the settlement of the dispute with Peru, but acted quickly thereafter. On February 9 the government froze the funds of Axis nationals and prohibited foreign exchange transactions of firms on the United States' proclaimed list.[103] A number of measures were announced to curb Nazi propaganda and its more obvious local agents. On March 2 and 3, 1942 President Carlos Arroyo del Rio and another government spokesman stated that United States "troops" were building a base at Salinas, on the Santa Elena peninsula bordering the Gulf of Guayaquil, only 800 miles from the Panama Canal.[104] On February 27 a $5,000,000-exchange stabilization agreement was signed, while the United States has granted a $1,000,000-rehabilitation loan for use in El Oro province, devastated during the hostilities with Peru.[105]

Bolivia's turbulent politics afford fertile soil for disturbances, some of which, it is alleged, have been Axis-inspired. Thus, in July 1941, the government proclaimed a state of siege designed to forestall what it regarded as a prepared Nazi *Putsch;* the German Minister, Ernst Wendler, was declared *persona non grata.*[106] Whatever the actual facts, the Bolivian government has recently been eager to collaborate with the United States, although it has sometimes tended to demand financial benefits without offering much in return. The two countries have concluded a lend-lease agreement, and in November 1941 a North American military aviation mission replaced Italian officers whose contract had been rescinded.[107] Shortly after the United States declared war, the Bolivian government took steps to curb Axis activities. A decree of December 10 stated that American nations fighting in defense of their rights would not be considered belligerents. Axis nationals resident in Bolivian territory were subjected to supervision; and Axis enterprises on the United States' proclaimed list were placed under government financial control. Communications and propaganda were also restricted. Measures such as these are important in preventing interference with the flow of tin and other metals to the Allies, under purchasing arrangements made with United States government agencies. It must be remembered, however, that pro-totalitarian sentiment was widespread in Bolivia before the war.[108]

98. For text of decrees and regulations, see *Boletín del Banco Central de Reserva del Perú* (Lima), December 1941, pp. 27-28.

99. *South American Journal*, April 18, 1942. Peru has agreed to consult with the United States on the measures to be taken in this connection. Under the decree, Peru may administer or confiscate any Axis-owned business.

100. *Department of State Bulletin*, April 25, 1942, pp. 365-68; *The New York Times*, March 23, 1942.

101. *Department of State Bulletin*, April 25, 1942, p. 366; *South American Journal*, April 4, 1942, p. 189; *The New York Times*, March 23, 1942.

102. *New York Herald Tribune*, April 5, 1942.

103. *Foreign Commerce Weekly*, April 18, 1942, p. 14.

104. *La Prensa* (New York), January 6, February 12, March 7, 11, 1942; *New York Herald Tribune*, March 4, 1942.

105. *Foreign Commerce Weekly*, April 25, 1942, p. 13. While no agreement has been made public regarding Ecuador's Galápagos Islands, a potential air base situated 860 miles southwest of the Panama Canal, it may be noted that the Ecuador Council of State has approved the leasing of two islands in the archipelago to an Ecuadorean company working with foreign capital. The company will establish regular steamship service between the islands and the mainland. *South American Journal*, April 18, 1942, p. 215.

106. Many dispatches relating to the alleged plans for revolt were published in the United States press between July 20 and 30, 1941. The Germans denounced as a forgery the intercepted letter of the Bolivian military attaché in Berlin, Major Elias Belmonte, containing plans for an uprising to be followed by institution of a Nazi puppet government. See German comment and text of Wendler's note to the Bolivian government, *The New York Times*, July 23, 1941.

107. *New York Herald Tribune*, November 6, 1941.

108. See *Christian Science Monitor*, March 10, 1942.

The groundwork for cooperation between Bolivia and the United States was laid in three groups of economic agreements concluded in 1941 and 1942. In the first, a series of purchasing arrangements made with a United States government corporation, it was determined that this country would acquire a fixed quantity of tin over a five-year period—as well as all tungsten, lead and zinc mined in the next three years—at guaranteed prices.[109] Second, an economic mission sent to Bolivia in the autumn of 1941 was instrumental in conclusion of an agreement at Rio de Janeiro, on January 28, embodying a $25,000,000-development program. The purpose of the program is to expand small mining of many different ores, build highways and stimulate agricultural expansion to counteract the expected post-war collapse in the minerals market. The first large project of a Bolivian development corporation, set up with a $10,000,000-credit from the Export-Import Bank, is expected to be construction of a 225-mile highway from Cochabamba to Santa Cruz.[110] Third, and probably as a *quid pro quo* for the above-mentioned benefits, the Bolivian government has agreed to settle the claims of the Standard Oil Company, whose Bolivian properties were expropriated on March 23, 1937, by payment of $1,500,000 and accrued interest from the date of seizure.[111] According to the Bolivian government, the Export-Import Bank is to make an initial loan of $5,500,000 to Bolivia for development of the oil industry.[112]

Its central position in areas where Axis influence is relatively great gives **Paraguay** an importance far beyond that which its small population and limited economic resources would otherwise have in problems of hemisphere defense. United States efforts to enlist Paraguayan support have been somewhat hampered by the widespread business predominance of the resident German community and the rather harsh nature of an openly dictatorial government.[113] Yet economic considerations—symbolized by North American construction of a modern highway linking the country's two principal cities—and other factors, such as the attitude of Brazil, have induced the government to lend its support to the inter-American solidarity program. Although economic pressure on the Axis has been restricted to the freezing of $67,000 in Japanese balances, the three Axis news agencies have been barred from the country, communications with the Axis have been severed, and Axis nationals have been warned of serious consequences if they engage in political activity.[114] As a recipient of lend-lease aid, totaling perhaps $7,000,000, Paraguay is believed to have granted the United States facilities for the improvement of airfields north of Asunción, thus creating potential bomber bases with an important range of action. On May 8, 1942 it was reported that the United States would grant Paraguay a $4,000,000-loan for "defense sanitation" public works, and that the first lend-lease armaments would soon reach the country.[115]

OUR AMERICAN ALLIES

The nine Caribbean and Central American nations not listed in the above survey—Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama, Cuba, Haiti and the Dominican Republic—are all cobelligerents with the United States. As Allies committed to an Axis defeat, they constitute a Caribbean front in which the problems of collaboration are much less serious than among nonbelligerent powers. With some qualifications, they have taken drastic measures to uproot the sources of enemy influence. In most of these countries, government control has been established not only over all Axis nationals and their assets, but also over all entities on the United States' proclaimed list, whatever their nationality.[116] While fifth-column activity undoubtedly continues to exist—as it does in the United States—it must have been hampered to a great degree by recent police measures.

Almost all details regarding military collaboration in this critical area are now withheld from publication. It may, however, be assumed that North American forces have been granted the use of whatever facilities are deemed desirable for regional defense. As an example, it has been revealed that United States Army bombers engaged in Caribbean patrol have been operating from an un-

109. J. C. de Wilde, "Wartime Economic Cooperation in the Americas," *Foreign Policy Reports*, February 15, 1942, p. 289. While the output of the large Patino mines goes to Britain for smelting, the United States is expected to take about half the country's output for refining in Texas, to produce 18,000 tons of American-smelted tin per year. For Bolivian production statistics, see *South American Journal*, January 24, 1942, p. 40. An agreement on copper purchases was announced on April 7, 1942.

110. *The New York Times*, January 29, 1942.

111. The agreement was signed at Rio de Janeiro on January 27, 1942. For text, see *ibid.*, February 17, 1942.

112. *Ibid.*, February 3, 1942. On February 6 Bolivia and Argentina signed a convention for sales of Bolivian oil to Argentina during the next ten years. Roberts, Meynell and Co., *Weekly News Bulletin* (Buenos Aires), No. 348, February 7, 1942.

113. See Roland Hall Sharp, *Christian Science Monitor*, March 16, 1942.

114. *La Prensa* (New York), January 28, February 7, 14, 1942.

115. *New York Herald Tribune*, May 9, 1942.

116. Although it cooperates closely with the United States, Cuba provides a possible exception: financial supervision in that country does not include any individuals or firms except enemy aliens, and in particular omits large Spanish interests of great importance.

disclosed base in Guatemala with the permission of President Jorge Ubico.[117] Under several agreements, some made long before the war and another concluded on May 18, 1942, this country enjoys the use of numerous defense, aviation and practice areas in the Republic of Panama and the Gulf of Fonseca.[118]

THE PATTERN OF SOLIDARITY

While the foregoing examination of the steps taken by the various American nations to implement their declarations on hemisphere solidarity is far from complete, it does reveal the existence of a definite pattern of relations between the United States and its southern New World neighbors. In general, that pattern follows the outline approved by the Rio de Janeiro conference, even to some extent in the case of Argentina and Chile, with which this country is carefully avoiding a sharp break. With varying degrees of efficiency, nineteen of the twenty-one American republics have expelled or confined key enemy aliens—whether diplomats, other agents or suspects—and many of these have been sent to the United States for internment or exchange. Where German, Japanese and Italian communities resident in the Americas have resisted assimilation or given evidence of divided allegiance, their activities, associations and schools have been subjected to supervision or completely dissolved. The financial power of the Axis in the Western Hemisphere has been dealt a telling blow by control of the business and banking enterprises of its nationals. In an increasing number of countries, use of the American black list as a criterion tends to prevent evasion of the ban through domestic intermediaries. At the same time, telecommunications are closely supervised and Axis propaganda has been curbed. These measures tend to safeguard the stability of existing American régimes against subversive or disruptive efforts directed from outside the hemisphere—an objective of obvious advantage to them all.

The defense aspects of hemisphere collaboration are characterized by a fairly general increase in armed strength, especially among the larger countries, and by vigorous efforts to modernize the existing forces. The military rejuvenation of the Americas is largely supported by United States lend-lease funds, and by this country's military, naval and air equipment which is beginning to flow to the south. United States technicians are supervising the construction of a number of bases, as well as the necessary sanitary and other ancillary works, while small groups of men from our armed services are training local forces in the use of the new weapons. The number of North American personnel at localities other than our own bases appears to be very small; but it is evident that plans have been concerted through general staff conversations for the rapid movement of forces to any area where there is a serious threat of attack from overseas. Military cooperation for the direct defense of Western Hemisphere territory will be intensified if the trend toward belligerency, exemplified in the case of Mexico, should continue; but the change will be one of degree rather than kind.

Meanwhile, marked progress has been made in the program of economic stabilization under which the Latin American countries are partially compensated for their vanished markets and sources of supply, while the United States acquires additional strategic materials. Here again, much of the motive power is furnished by liberal United States credits, technical assistance, and contracts designed to stimulate production by a guarantee of large purchases at fixed high prices over definite periods of time. As a necessary corollary, we are providing the means for constructing roads, railways and other public works, and for developing a host of agricultural, mining and industrial enterprises. In every case, the chief purpose of our action has been reenforcement of our war effort; but invariably, in the process of negotiation, this country has agreed to conditions of either temporary or permanent benefit to the nation involved. It is clear that in the present crisis the Administration is not disposed to bargain, or to concern itself unduly with business-as-usual considerations such as the possibility of repayment on its investments—provided the broader wartime objective in the Americas can be achieved. Nor, on the other hand, have our southern neighbors any assurance that we shall permanently purchase their newly developed exports when normal world-wide competition is restored.

This many-sided hemisphere program has not been evolved without great difficulties. It is still too new to have overcome the prejudices, conflicts of view and misunderstandings which stand in the way of complete inter-American harmony. Many problems remain as potential irritants. One fundamental question arises from the Latin Americans' continued concern lest the sovereignty or independence of their countries be infringed by the United States. Already there is evidence that in Brazil and Chile the authorities, by strenuous objections, have caused a modification of American plans for the use of military personnel in their territories. A similar problem may arise if, as appears likely, certain North American authorities become dissatisfied with the pace of procurement of stra-

117. *The New York Post*, March 19, 1942.
118. *The New York Times*, May 19, 1942.

tegic materials and seek to displace the established production and marketing systems in Latin American states with new United States organizations to speed up output, despite the protest of local vested interests. Hitherto such differences have been amicably composed. If the situation should change, renewed fear of domination by the United States may set back the cause of hemisphere solidarity.

Still more pressing is the supply problem presented by the shortage of shipping in inter-American trade—especially in the Atlantic. This has interfered with the movement of Latin American exports and has caused repeated scarcities of bulky imports, notably coal, petroleum products and paper, in certain areas. At the same time, the United States has found it difficult to spare sufficient vital materials to meet the essential needs of the Latin American nations.[119] Until the flow of commodities can be adjusted on a stable and satisfactory basis, these nations will not be inclined to place full value on large loans which cannot be converted into goods and equipment, or on promises of assistance which cannot be quickly fulfilled.

Some of the friction arising under the existing circumstances may be relieved by the activities of inter-American consultative bodies which are now getting under way as a result of the deliberations at Rio de Janeiro. On April 15, 1942 the Emergency Advisory Committee for Political Defense held its first meeting in Montevideo and embarked on efforts to combat subversive Axis activities.[120] Since March 30 the Inter-American Defense Board, sitting in Washington, has been discussing coordination of hemisphere defenses, problems of furnishing war supplies to the American nations, supervision of communications, establishment of unified control and protective measures for inter-American shipping, and a number of other matters.[121] The Inter-American Financial and Economic Advisory Committee and the Inter-American Maritime Technical Commission have been attempting with considerable success to put into use Axis ships immobilized in American ports, and—less effectively—to coordinate the operations of the various merchant marines. The Inter-American Coffee Board has relaxed quota restrictions on coffee shipments in view of the difficult maritime cargo situation.[122]

Taken as a whole, this extensive scheme of hemisphere collaboration, developed at a time when the United States was suffering serious military setbacks, represents an accomplishment of great magnitude. Without doubt, many of its features are only transitory, but others, especially in the economic field, may contain elements of permanent value. Clearly, the orthodox imperialist relationship between the capital-exporting countries and the so-called "backward areas" is gone. It disappeared in Latin America with the economic crisis of 1929, the succeeding, widespread defaults on financial obligations and the equally widespread tendency toward nationalization, by expropriation or otherwise, of foreign-controlled enterprises. Yet almost every Latin American country could raise its standard of living and diversify or otherwise strengthen its economy if it had adequate supplies of capital and technical skill. Perhaps the new American practice of development through close collaboration between governments, with private capital, management and experts functioning under their guidance, may point the way toward fairer and more satisfactory capital movements of benefit to all.

One factor, however, must never be forgotten. From the United States' point of view, the keystone of its inter-American policy has been the doctrine of non-intervention embodied in the creed of the Good Neighbor. Inevitably this involves cooperation with whatever governments happen to be in power in the Latin American countries, whether liberal or dictatorial. If that is distasteful to North Americans who insist that we are engaged in an ideological war, it is none the less a political necessity. Should the United States interfere in the internal politics of any American republic by supporting one faction against another, it would fan into flame the still smoldering suspicion that hemisphere solidarity is only another name for imperialist domination.[123] A far better method of fostering social and political progress in the Americas is to carry forward the economic, sanitation, health and cultural programs now under way on a hemisphere-wide basis.

119. On April 4, 1942 specified quantities of a list of 43 vital materials were allocated for delivery to Latin America during the second quarter of the year. *Department of State Bulletin*, April 4, 1942, p. 274. The Board of Economic Warfare now exercises general supervision of the export program. See *American Import and Export Bulletin* (New York), May 1942, p. 205.

120. For summary of first day's proceedings, see *El Mercurio*, April 16, 1942. On May 27 the Inter-American Conference of Judicial Authorities will meet at Buenos Aires to formulate coordinated rules and procedures to aid in the suppression of subversive activities.

121. For details on first meeting, see *La Prensa* (Buenos Aires), April 1, 1942; for texts and summaries of speeches and proposals, see press releases of the Inter-American Defense Board.

122. See press releases of the Board, October 23, 1941, March 5, April 29, 1942.

123. For the debate on this issue, see Freda Kirchwey, *The Nation*, January 17, 1942, p. 52; address of Sumner Welles, *Department of State Bulletin*, February 21, 1942, pp. 164 ff.

In the June 1 issue of FOREIGN POLICY REPORTS*:*

NAZI EXPLOITATION OF OCCUPIED EUROPE *by Ernest S. Hediger*

An Outline of Pan-American Machinery

By Anne Hartwell Johnstone

The following list includes some of the more important inter-American agencies, with date of establishment, location of headquarters and type of work indicated.

I. POLITICAL

Pan American Union, 1890, Washington, is a central agency for many Pan-American activities. It serves as the secretariat for many subsidiary agencies and undertakings, including the regular, special and technical conferences.

Inter-American Juridical Committee (formerly the Inter-American Neutrality Committee), 1939, Rio de Janeiro, originally organized to coordinate the laws of neutrality, now studies juridical problems arising from the war.

Inter-American Commission for Territorial Administration, 1940, Washington, may administer non-American territory in the Western Hemisphere, the present status of which may be threatened by a foreign power.

Inter-American Defense Board, 1942, Washington, coordinates defense activities in the hemisphere.

Emergency Advisory Committee for Political Defense, 1942, Montevideo, coordinates control of subversive activities.

Executive Committee on Post-War Problems, 1942, Washington, may coordinate post-war activities of various governments and private agencies. (Rio de Janeiro Resolution XXV.)

II. PACIFIC SETTLEMENT OF DISPUTES

Permanent Commissions of Investigation and Conciliation, 1923, Permanent Commissions of Inquiry, 1923, Panel of Mediators, 1936, and Permanent Diplomatic Committees of Washington and Montevideo, 1923, investigate, on request, disputes between the signatory nations and conciliate or mediate between the nations involved.

Committee for the Peaceful Settlement of Disputes, proposed 1940, as a permanent agency automatically to investigate threatened disputes.

Consultation of the Foreign Ministers of the American Republics (at request of any one of them), agreed to in the Declaration of Lima, 1938. Meetings have been held at Panama, 1939; Havana, 1940; Rio de Janeiro, 1942.

III. CODIFYING INTERNATIONAL LAW

The International Conference of American Jurists, 1906, Montevideo, meets from time to time to consider the work of the following agencies: Permanent Committees of Rio de Janeiro, Montevideo and Havana, 1928, on Public International Law, Private International Law, and on Comparative Legislation and Unification of Legislation, respectively; Committee of Experts on the Codification of International Law, 1933, Montevideo; and the Permanent Committee of Jurists on Civil and Commercial Law, 1938, Lima. National Committees on International Law exist in most of the republics.

IV. ECONOMIC

Pan American Railway Committee, 1889, Buenos Aires, to develop an inter-American railroad; Pan American Highway Confederation, 1925, Washington, to promote the Pan American highway; International Office of the Postal Union of the Americas and Spain, 1911, Montevideo, to facilitate handling of mail at minimum cost; Inter-American Radio Office, 1939, Havana, to clear information on and to coordinate radio regulations; Permanent American Aeronautical Commission, proposed, 1937.

Inter-American Trade Mark Bureau, 1910, Havana, to protect trademarks, names and labeling; Inter-American Commercial Arbitration Commission, 1934, New York, to arbitrate disputes between exporters and importers; American Statistical Institute, 1941, Washington.

Inter-American Financial and Economic Advisory Committee, 1939, Washington, to solve commercial, financial, communication and transportation problems resulting from the war; Inter-American Development Commission, 1940, Washington, and National Development Committees in most of the republics, to promote complementary enterprises in the hemisphere; Inter-American Bank, proposed, 1940.

Inter-American Coffee Bureau, 1941, Washington, to administer the inter-American coffee agreement; Inter-American Institute of Tropical Agriculture and Inter-American Rubber Committee, 1940; Pan-American Resources Commission, proposed, 1940; Permanent Pan-American Soil Conservation Commission, proposed, 1940.

V. SOCIAL, CULTURAL, SCIENTIFIC

The American International Institute for the Protection of Childhood, 1927, Montevideo; Inter-American Commission of Women, 1938, Washington, to improve the status of women; American Institute of Indian Affairs, 1940, Mexico City, to promote welfare of Indian populations; Pan-American Institute of Geography and History, 1929, Mexico City.

Pan-American Sanitary Bureau, 1902, Washington, to coordinate public health work.